



Mayor Martin J. Chávez

# CITY OF ALBUQUERQUE

## Albuquerque, New Mexico

### Office of the Mayor

#### INTER-OFFICE MEMORANDUM

April 1<sup>st</sup>, 2004

**TO:** Michael Cadigan, President, City Council

**FROM:** Martin J. Chávez, Mayor

**SUBJECT:** Resolution Appropriating Funds (General Fund) for Operating the Government of the City of Albuquerque for the Fiscal Year Beginning July 1, 2004 and Ending June 30, 2005; Adjusting Fiscal Year 2004 Appropriations

I am pleased to present the proposed budget for the City of Albuquerque, New Mexico, for the Fiscal Year 2005. Each budget cycle presents its own unique challenges, and this year was certainly no exception. This proposed budget reflects substantial input from the City Council and Council staff, who have worked closely with the Administration throughout the budget development process in an effort to reach consensus on the substantive items that form this financial plan for FY/05. The proposed budget is balanced and fiscally prudent based on conservatively estimated resources.

Base recurring revenues, without the Quarter Cent Public Safety Tax, are projected to grow at less than 3% in FY/05, adding only about \$8.6 million in new revenue. Double-digit employee insurance premium costs combined with increased risk and workers compensation costs have added over \$6 million in new costs to those incurred in FY/04.

At the same time, the voter's approval of the Quarter Cent Public Safety Tax has added about \$27.6 million in new money, designated specifically for enhancement of public safety services and social services directed to crime prevention and intervention. This new stream of funding will allow us to further increase the size of the forces and better

equip police officers and firefighters. The proposed budget reflects the consensus spending plan for the incremental social service dollars developed over the last several months.

You will notice that the proposed budget for many departments is a maintenance-of-effort budget, increased only by costs over which the departments have little or no control. By modestly increasing each department's salary savings rate to more accurately reflect the vacancy rate observed in FY/04 and seeking out other cost-saving opportunities, funding has been proposed for a number of incremental program efforts.

After years of planning, we will begin operation of the Bus Rapid Transit demonstration project along Central Avenue between the east side and west side of town. Increased funding for animal services will allow us to implement the majority of the HSUS recommendations, improve humane operations, and focus on increasing the number of live exits of adoptable animals from the City's animal shelters. Proposed funding will allow the City to prepare for our 300<sup>th</sup> birthday celebration and continue negotiations to acquire a panda at our renowned zoo. Additional funding is recommended for the work of the safe city strike force to allow them to address more private properties that have become public nuisances. Funding for expanded street sweeping is proposed to improve the appearance of the City and minimize the harmful impacts of storm sewer effluent on the Rio Grande River. Funding for the second annual Music Festival is also included in the proposed budget.

The proposed budget also includes recommended funding levels for a number of capital improvement projects coming on line in FY/05. The Erna Fergusson Library, which opened several months ago, is funded for a full year of operations. Additional staff is proposed concurrent with the opening of the Phase I expansion of the Albuquerque Museum, as well as the opening of the Period Farm at the BioPark. Operating funds for the Taylor Ranch Community Center, the LaMesa Child Development Center and the Manzano Mesa Child Development Center are all included in the proposed budget. As a successful proof of concept ends, we are proposing funding for the relationship management center that will provide City information, answers and services, as well as relieving pressure on the 911 call center, through local 311 service in mid-FY/05. This represents a dramatic increase in the quality of municipal services. Reclaiming and protecting the ecosystem of Albuquerque's incomparable Bosque is also proposed for additional funding through our open space program.

Although employee compensation is subject to negotiation, Council approval and Mayoral signature, the budget contains a proposed pay package that would include the City absorbing 83% of the cost of employee health and dental insurance, in addition to increases in base compensation for all permanent City employees. All seven union

contracts are open; however, three unions have signed tentative agreements and we expect to have tentative agreements with the balance of the unions prior to the scheduled public hearings on this proposed budget.

In FY/04, the transfer to storm drainage was reduced by \$3.8 million, but that transfer is fully restored in this proposed budget. In addition, \$2 million is set aside to meet computer security and replacement demands for the many employees who continue to work on significantly aged and dated equipment that reduces their potential productivity.

Finally, a reserve equal to 1/12<sup>th</sup> of the appropriation level is established, along with a \$1.5 million special reserve from the settlement of an IRB in FY/04. In addition, \$1.5 million from the Quarter Cent Public Safety Tax designated for a centralized booking and processing center for MDC is reserved while plans are under consideration to resolve this situation. FY/04 resources are available to fund nuisance abatement acquisitions expected to be incurred in the current fiscal year. Anticipated FY/04 reversions are not appropriated as a matter of prudence. Other available fund balances from FY/04 are appropriated in the proposed budget.

We believe that the close cooperation of the Administration and the City Council during the budget preparation cycle has resulted in significant improvements in the alignment of priorities and funding, as well as reflecting the concerns and preferences of City Councilors. I want to express my sincere gratitude to the members of the City Council who took time from their demanding schedules to work with the Administration on this budget and their willingness to work toward consensus on the substantive expenditure issues. I believe the City will benefit from this cooperation and look forward to continuing this relationship with the City Council.